

September 24, 2012

Prospect Mortgage, LLC
15301 Ventura Blvd., Suite 300
Sherman Oaks, CA 91403
Attn: Richard Baker, Vice President

Via Certified Mail

RE: Repurchase Demand for 1st Mortgage, Cross [REDACTED]
Property Address [REDACTED] Warrenton, VA 20187

Dear Mr. Baker:

This letter serves as notice that Prospect Mortgage, LLC (the "Seller") is in breach of representations, warranties and covenants contained in the Loan Purchase Agreement between the Seller and Manhattan Advisory Services, Inc. which was Assigned to American Portfolio Mortgage Corp (the "Purchaser") per the attached Assignment, Assumption and Recognition Agreement dated June, 2012 (the "Agreement"). The nature of the breach is set forth herein, and revolves around the CROSS loan sold by Seller to Purchaser (the "Mortgage") for the referenced property located at [REDACTED], Warrenton, VA 20187 (the "Property"). All capitalized terms not defined herein shall have the meaning set forth in the Agreement.

Pursuant to the terms of the Agreement, the Seller provided the Purchaser with the following representations, warranties, and covenants as of the Closing Date (defined in the Agreement):

Section 6.2 (c) No Litigation. Except as disclosed on Schedule 2 attached hereto (said Schedule having been made available to Purchaser prior to the execution of this Agreement), there is no pending, or in the knowledge of Seller threatened, litigation involving Seller and/or related to an Loan that could affect Purchaser's right, title or interest therein or the priority of the Mortgage on the underlying Mortgaged Property, or Seller's ability to perform its obligations under this Agreement.

Section 6.2 (t) No Misstatement or Fraud. To the best knowledge of Seller after the exercise of due diligence, none of the documents, instruments and agreements contained in the Loan Files were falsified by any Mortgagor, appraiser, broker, person verifying income, assets, or employment of any Mortgagor or any other Person, or contain an untrue statement of material fact, or omit to state a material fact required to be stated therein or necessary to make the information and statements therein not misleading. To the best knowledge of Seller after the exercise of due diligence, no fraud was committed in connection with the origination of any Loan by any Mortgagor, appraiser, broker, person verifying income, assets, or employment of any Mortgagor, or any other Person. Seller has not failed to disclose to Purchaser any material fact known to Seller or its Representatives in connection with the Loan. Seller has not made any representations to a Mortgagor that are inconsistent with the mortgage instruments used.

It was not disclosed to the purchaser that the Mortgagor has threatened litigation against the Seller stating that misrepresentations were made to the Mortgagor regarding his mortgage.

As a result of the foregoing, the Seller has breached representations, warranties, and covenants in the Agreement which include, but are not necessarily limited to, the representations, warranties, and covenants set forth above. Accordingly, American Portfolio Mortgage Corp hereby makes demand on Prospect Mortgage, LLC for the immediate repurchase of the Mortgage. The repurchase amount through September 28, 2012 totals \$305,042.10.

The repurchase amount should be wire transferred to Purchaser as follows:

Bank:	Cornerstone National Bank & Trust Company
Account Number:	[REDACTED] 106801
Account Name:	American Portfolio Mortgage (Trust Dept)
Bank City, State:	Palatine, Illinois
ABA Number:	[REDACTED]
Reference:	APMC CROSS/81057051

Upon receipt of the aforementioned amount, Purchaser will transfer ownership of the Mortgage loan(s) to Seller.

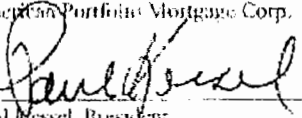
If you have any questions concerning the above mentioned, please contact the Purchaser's President, Paul Kessel, at (847) 348-8123.

Nothing herein contained shall be deemed a waiver of or preclude the exercise of any and all rights and remedies, both in the law and in the equity, of the Agreement.

PLEASE GOVERN YOURSELF ACCORDINGLY

Very truly yours,

American Portfolio Mortgage Corp.

By: 
Paul Bessel, President

REPURCHASE BY: Prospect Mortgage, AAR from Manhattan Advisory Services, Inc.
 FROM: American Portfolio Mortgage Corp.

Repurchase Schedule
 09/28/12

LINE	Seller	LAST NAME	CBALANCE	RATE	NEXT DUE DATE	DAILY INTEREST	FUNDING DATE	DAYS	PRICE	ACCRUED INTEREST	PRINCIPAL PURCHASED	Total Funding
81057051	APMC	CROSS	375,132.16	5.375	09/01/12	56.16	09/28/12	57	80.250	3,201.04	301,846.08	305,047.10
			375,132.16			56.16			80.250	3,201.04	301,846.08	305,047.10

WIRE 1	305,047.10
CORNERSTONE NATIONAL BANK 1 W. NORTHWEST HWY PALATINE, IL 60067 ABA NO: [REDACTED] ACCT NO: 01500099, CORNERSTONE TRUST FURTHER CREDIT TO: ACCT NO: [REDACTED]-106801 AMERICAN PORTFOLIO MORTGAGE 800 E NORTHWEST HWY, SUITE 821 PALATINE, IL 60074 Attn: Mary Rooney	